

## Tables:

## Foreign G-Sec Bond Yield:

G-sec	Yield (in %)	1-Day Change in Bps
US 10Y*	4.05	5
US 2Y*	4.38	0
Germany 10Y	2.15	3
UK 10Y	3.78	6
Japan 10Y	0.60	-1

Source: Bloomberg, \*semi-annual

## G-sec yield:

G- Sec	Yield (in %)	1-Day Change in Bps
7.06% GS 2028*	7.11	2
7.18% GS 2033* (10Y)	7.23	1
7.18% GS 2037*	7.36	1
91-day T-bill	6.94	0
182-day T-bill	7.15	0
364-day T-bill	7.13	0

Source: CCL, RBI, \*semi-annual

## Spreads in bps for Corporates

Annualized Spreads	3-year	5-year	7-year	10-year
AAA	70	87	16	49
AA	134	150	80	116
A	324	342	274	311

Source: FIMMDA, as on 04 Jan, 2024

## Key rates:

Policy	Rate (in %)
Repo rate	6.50
Standing Deposit Facility Rate	6.25
Bank rate	6.75
1-year median MCLR of SCBs	8.75
SOFR	5.32

Source: RBI, Federal Reserve Bank of New York

## Money Market instruments:

Instrument	Volume (in Rs. Bn)	Weighted Avg Rate (%)
Notice Money	96.33	6.73
Term Money	5.39	-
Triparty Repo	3,414.34	6.70
Market Repo	1,464.74	6.72
Repo in corporate bond	0.10	8.60

Source: RBI, as of 05 Jan, 2024

## Major Equity Indices:

Indices	Last	1-Day Change %
BSE SENSEX	72,026	0.2
NIFTY	21,710	0.2
NASDAQ	14,524	0.1
S&P 500	4,697	0.2
Nikkei 225	33,377	-0.2
Euro Stoxx 50	4,463	-0.2

Source: Google Finance

## Commodities futures:

Commodities	Last	1-Day Change %
Brent Crude (USD/bbl)	78.8	1.1
Natural gas Nymex (USD/MMBtu)	2.9	3.6
Gold Comex (USD/t oz.)	2,049.8	-0.2
Copper Comex (USD/lb)	380.6	-1.1
Wheat cbot (USD/bu.)	616.0	0.1

Source: Bloomberg

## Exchange Rates:

Currency pair	Rate	1-Day Change %
USD/ INR	83.16	-0.1
GBP/ INR	105.74	0.1
EUR/ INR	90.89	-0.2
EUR/USD	1.09	0.0
DX Index	102.44	0.0

Source: Morningstar, Bloomberg, Marketwatch

## Today's Key Macro Event:

Germany: Trade Balance Nov'23; Eurozone: Retail Sales Nov'23

## News:

## International:

**Strong US labour markets dampen rate cut expectations (Source: Reuters):** US non-farm payrolls increased by 216k in Dec'23, from 173k additions in Nov'23, above market expectations of 200k, with unemployment rate remaining flat at 3.7% amidst rising wages suggesting that the labour market is not slowing down.

## US officials vigilant on inflation risks (Source: Reuters):

- Treasury Secy. Ms. Yellen interjected that a soft landing is underway, with sustained period of low inflation and rising wages without unemployment raising consumer and business sentiments.
- Fed member Mr. Barkin sees inflation and labour market conditions normalizing, although uncertainty persists as firms usually raise prices in Q1. He sees changed rates once confident on inflation falling sustainably.
- Fed member Ms. Logan warned that rate hikes shouldn't be written off as a yield drop could trigger demand pickup, driving inflation.

**Food prices ease substantially in Dec'23 (Source: FAO):** FAO Food Price Index eased by 13.3% y/y in Dec'23 (-1.8% m/m), due to decrease in prices of sugar, vegetable oils and meat more than offsetting increase in dairy and cereal prices. Notably, sugar prices eased 16.6% m/m on the back of stronger pace of production in Brazil.

## Domestic:

**Domestic economy is set to grow at a robust pace in FY24 (Source: NSO):** As per first estimate of GDP for FY24:

- Real GDP is set to grow at 7.3% y/y in FY24 to attain level of Rs. 171.79 trn, above the 7.2% y/y in FY23P with all sectors set to grow above 6% y/y rate, except for agriculture, which is expected to grow at 1.8% y/y while notably, construction is set to grow at 10.7% y/y. In nominal terms, GDP is set to grow at 8.9% y/y in FY24 to Rs. 296.58 trn
- Real GVA is expected to grow at 6.9% y/y in FY24. In nominal terms, GVA is expected to grow by 8% y/y in FY24.
- There is increasing share of GFCF in GDP, while PFCE's share is reducing, indicating concerns over private consumption

**Domestic services activity grows at faster pace as inflation recedes (Source: S&P Global):** Domestic services PMI increased to 59 in Dec'23, from a one-year low of 56.9 in Nov'23, remaining well into expansionary territories, with an uptick in new orders, continued softening of input price inflation and improved output prices indicating expanding corporate margins, taking the composite PMI to 58.5 in Dec'23, from 57.4 in Nov'23.

**Union could increase allocation to MGNREGS (Source: FE):** According to media sources, Union may provide another Rs.120 bn to Rs. 140 bn for MGNREGS in FY24RE, with Union already releasing Rs. 700 bn or 92% out of the Rs. 761 bn allocated.

**IRDAI relaxes investment norms for insurers in IDF-NBFCs (Source: BS):** IRDAI has allowed investments in IDF-NBFCs which are registered with RBI and have a credit rating of AA and above, with tenor on the debt securities not less than 5 years, to increase ease of business and encourage investments in infrastructure sector. Earlier this was on a case-to-case basis.

**Quicker rise in imports over exports lead India to become net importer of steel (Source: FE):** India continues to be net importer of steel in 9MFY24, with imports exceeding exports by 0.9 mn tonnes, as removal of export duties was offset by emergence of Chinese imports. Imports rose 26% y/y in 9MFY24 to 5.6 mn tonnes, while exports dipped ~2% y/y to 4.7 mn tonnes.

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**National Highway tolling length increases at robust pace in FY24 (Source: MoRTH):** National Highway network increased to 146,145 km in 8MFY24, with 32% of the roads being 4 Lane and above, 58% being 2L and 10% being less than 2L. Tolling length increased to 45,428 km in 8MFY24, from 42,595 as of FY23, with user fee revenue of NHAI through PF standing at Rs. 159 bn, through conc. standing at Rs. 198 bn while MoRTH revenues stood at Rs. 8 bn, taking the total amount collected to Rs. 364 bn in 8MFY24.

**Daily metro ridership crosses 10 mn mark, poised to exceed 12.5 mn mark in near future (Source: FE):** According to media sources, metro lines across the country stands at 895 km with annual ridership of more than 1 bn. Daily metro ridership has tripled in CY23 from CY19, crossing the 10 mn mark, and is poised to cross the 12.5 mn mark in next 2 years.

**G-Sec and VRR Auctions conducted successfully (Source: RBI):**

- 7.32% GS 2030 worth Rs. 120 bn were auctioned, against a notified amount of Rs. 120 bn, at a cut-off yield of 7.1937%. 7.18% GS 2037 worth Rs. 100 bn were auctioned, against a notified amount of Rs. 100 bn, at a cut-off yield of 7.3550%. 7.25% GS 2063 worth Rs. 120 bn were auctioned, against a notified amount of Rs. 120 bn, at a cut-off yield of 7.4773%
- 7-day VRR worth Rs. 1 trn were auctioned, against a notified amount of Rs. 1 trn, at cut-off rate of 6.68%.

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**Details of Research Analysts**

<u>Name</u>	Rajan Jain	<u>Name</u>	Siddharth Sarma
<u>Qualification</u>	PGDBA	<u>Qualification</u>	MBA
<u>Designation</u>	Head- Credit Research	<u>Designation</u>	Associate

**Details of Research Analyst entity**

<u>Name</u>	SBI Capital Markets Limited
<u>Registration Number</u>	INH000007429
<u>Address</u>	15th floor, A & B Wing, Parinee Crescenzo Building, G Block, Bandra Kurla Complex, Bandra East, Mumbai- 400 051
<u>Telephone Number</u>	+91 22 4196 8300
<u>Compliance Officer</u>	Bhaskar Chakraborty
<u>Email id</u>	<a href="mailto:compliance.officer@sbicaps.com">compliance.officer@sbicaps.com</a>
<u>Telephone Number</u>	+91 22 4196 8542

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